

# SENATE BILL REPORT

## EHB 1513

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As of March 9, 2009

**Title:** An act relating to municipal participation in financing the construction of water or sewer facilities.

**Brief Description:** Allowing municipalities to participate in financing the development of water or sewer facility projects.

**Sponsors:** Representative Haler.

**Brief History:** Passed House: 3/03/09, 97-0.

**Committee Activity:** Government Operations & Elections:

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**Staff:** Aaron Gutierrez (786-7448)

**Background:** Cities, towns, counties, and water-sewer districts are authorized to enter into contracts with developers and other property owners that create reimbursement procedures for the construction or funding of infrastructure projects.

Typically, such contracts involve situations in which a new property development necessitates the construction of additional infrastructure, and the developer agrees to provide infrastructure improvements on a scale sufficient to service the current development project as well as future development that is likely to occur in the area. In return, the contract provides that the developer will receive pro rata reimbursement from other developers or property owners who later benefit from the excess capacity provided by the infrastructure improvements. Reimbursement agreements are generally limited to a period of 15 years and are often referred to as "latecomers agreements."

Under RCW 35.72.050, municipalities may be reimbursed for costs on contracts involving street, road, and highway projects, so long as the improvements benefit property owners and not the general public. Current statutes do not allow municipalities to be reimbursed for improvements in water and sewer utilities.

**Summary of Bill:** If authorized by ordinance or contract, a municipality may participate in financing the development of local water or sewer facilities development projects. A

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municipality that contributes to such financing is entitled to the same right to reimbursement through latecomers agreements as are developers and property owners.

If a project is jointly financed by a combination of municipal and private funding sources, each participant in such financing is entitled to pro rata reimbursement in accordance with the provisions of the latecomers agreement.

A municipality seeking reimbursement from an owner of real estate pursuant to a latecomers agreement is limited to the dollar amount authorized by such agreement for the infrastructure or facilities that were constructed under the applicable ordinance, contract, or agreement. This reimbursement limitation does not apply to the collection of fees or charges relating to other expenditures for services or infrastructure that are not subject to the applicable latecomers provisions.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.